

CONFIDENTIAL

amazon

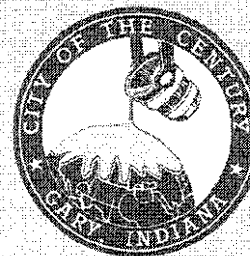


Proposal | October 19, 2017

HQ2



**Karen
Freeman-Wilson**
Mayor, City of Gary




Dear Mr. Bezos:

Let me tell you why the second Amazon Headquarters should be in Gary, Indiana. Located in the population center of North America, Gary, Indiana, has always had a formidable place in the world economy. In 1906, Andrew Carnegie and his team chose the site on the southern tip of Lake Michigan as the location for the central U.S. plant of the United States Steel Corporation. Today, that flagship is one of the largest producers of steel in the world and Gary's largest employer. The factors that influenced executives over 100 years ago are still relevant today.

Gary is only 30 miles away from Chicago, Illinois, and boasts three Class I railways, four interstate highways, a navigable waterway, an international airport, and a commuter rail that is being enhanced to reduce travel time to Chicago. This makes it one of the few cities in the U.S. with such a rich confluence of functioning transportation assets. Additionally, as a city that enjoys a portion of the Indiana Dunes National Lakeshore Park, a diverse cultural heritage, and a significant commitment to the "Greening of America," Gary is poised to emerge as a modern day global community with a talent pool from notable schools like Notre Dame, University of Chicago, Purdue University, and Indiana University. These institutions would be extraordinary innovation partners for Amazon. Finally, the city possesses exemplary leadership, regional synergy, corporate stewardship, and engaged residents who are fully committed to welcoming Amazon to Northwest Indiana.

Gary and surrounding communities represent one of Indiana's largest commerce centers. As a consequence, the business community benefits from the state's business-friendly climate. There are no inventory taxes in the state and the corporate tax rate is one of the lowest in the country. State regulatory agencies and universities have partnered with the business community to remove impediments and employ new techniques to development. Finally in a national climate rife with political polarization, it is noteworthy that leaders with different political affiliations collaborate regularly to benefit a shared electorate.

The above factors would make the prospects of locating in Gary attractive, but there are a few considerations that place the city head and shoulders above the rest. The rise and decline of the American manufacturing sector had a devastating impact on Gary's economy, housing, poverty rate, population, and other social demographics. But the resilience of its people and the existence of excess infrastructure capacity make Gary a "Prime" location for Amazon to continue its cutting-edge innovation and create a new legacy. As Amazon continues to disrupt markets, meet the needs of its customers, and push their competition to the edge, Gary can support the company's profitability and commitment to providing a great environment for its employees, while giving the company an urban laboratory of transformation. This transcends the story of a company creating or locating in a community for its benefit to the corporation and city joining forces to create a new paradigm. Gary, Indiana, represents much more than Amazon's second headquarters; the Gary location represents the opportunity for Amazon and other corporate entities to create a headquarters of the future.



Amazon can be a catalyst in the transformation of the City of Gary and a partner for the future

Gary provides the benefits of being in the Chicago MSA while providing the lower cost of doing business in Indiana

Our region has one of the most educated workforces, and Gary is near eight major universities

Gary has the optimal site for Amazon development

Gary has access to unparalleled logistics assets—with an airport right in your backyard

Bringing the right incentives for locating in Gary and Indiana

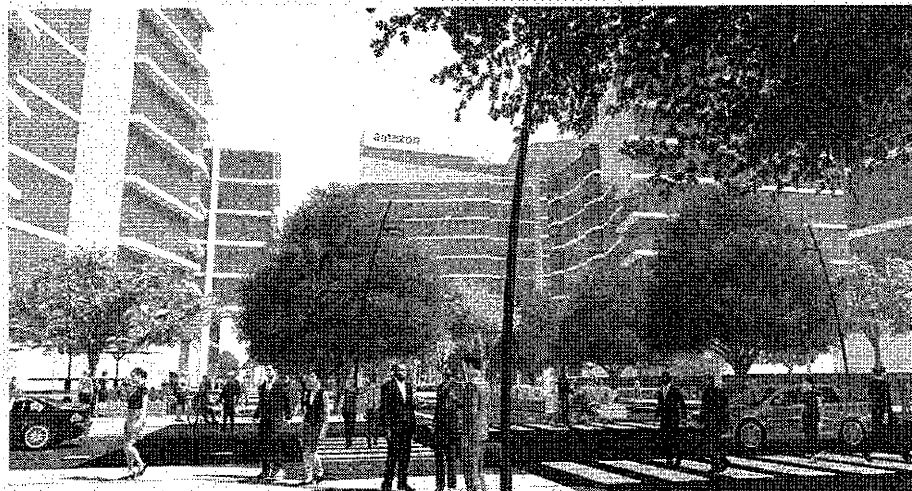
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The City of Gary is in the business of transformation. Gary was named City of the Century because of the incredible growth during the boom of the steel industry. Now, with all our regional assets, it is the perfect template for Amazon to succeed and transform to their very own City of the 21st Century. Founded by the United States Steel Corporation in 1906, Gary has been home to leaders of industry such as Andrew Carnegie and John D. Rockefeller. Amazon could join the ranks of these industry titans and help partner to reinvent the future of Amazon and the future of Gary. Gary has been built for the size of headquarters Amazon needs, with plenty of space to grow. As our community was built to handle a much larger workforce than it currently has, our infrastructure is well-prepared to handle the immediate influx of Amazon employees with capacity to spare. The City of Gary had a peak population of 178,000 in 1960. Since that time the population has decreased by 55% to approximately 74,000 in 2016. The city has ample space to absorb significant population increases before reaching a carrying capacity it was already designed for.

Our leadership is actively engaged in initiating programs to revitalize Gary, and our residents are actively engaged in these efforts. We've embraced creative and innovative approaches to our transformation. For example, we are using art as a viable tool to strengthen our local economy. With support from the Knight Cities Challenge and Bloomberg Philanthropies, the City of Gary collaborated with world-renowned artist Theaster Gates, PlaceLab, and the University of Chicago's Harris School of Public Policy to create ArtHouse: A Social Kitchen. The concept was to re-imagine a vacant downtown city building as a public attraction, gathering space, and culinary incubator for entrepreneurship.

Our city has embraced the challenge of reinventing ourselves as we look to move from a steel town to a tech town. Amazon is also a change-agent in their community, always looking towards improving communities and fostering entrepreneurship to create a better future for Amazon and for Gary. Our core values align with Amazon's core values, making us a great partner moving forward.

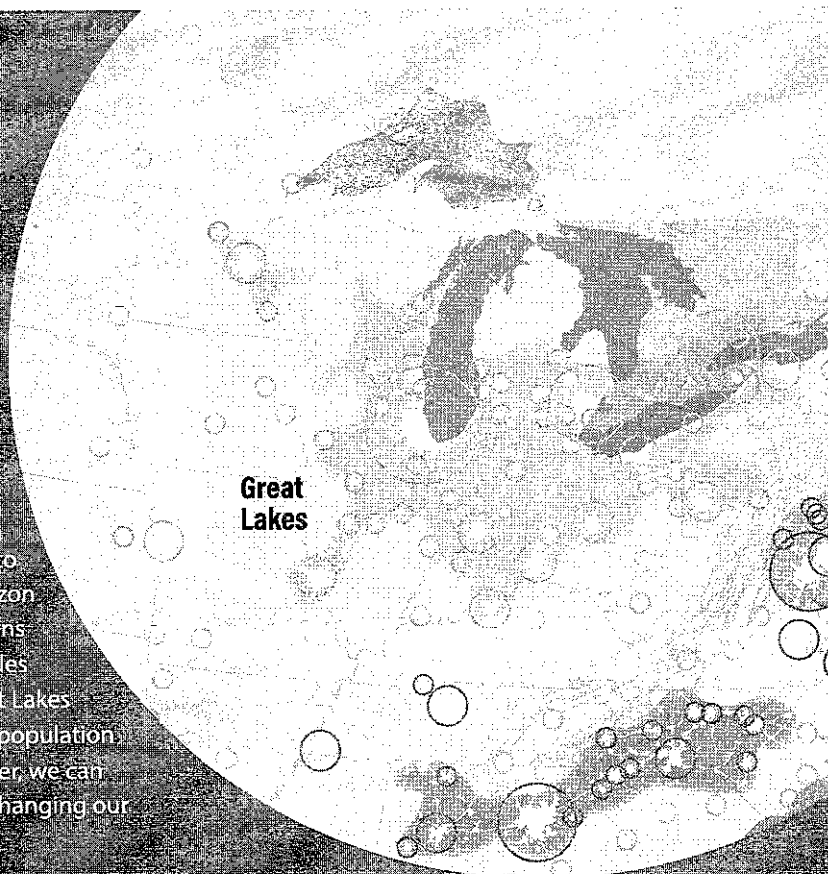


Our city has the infrastructure and resources to support your second headquarters. Amazon can have the freedom to chart its course in Gary and can lead to our city's rebirth.

Positioning for the future

As we look towards the future, there is no better location than the Great Lakes megaregion.

As economies continue to become more connected and populations gravitate towards areas with available resources, the Great Lakes megaregion is strategically located to provide the best workforce. As Amazon continues to expand, there are dozens of population centers within 400 miles of the Chicago region; and the Great Lakes megaregion is forecasted to have a population of nearly 63 million by 2025. Together, we can both support our mutual vision of changing our communities.



Gary's values align with Amazon's

Amazon's values

Foster entrepreneurship

Attract strong technical talent

Room to grow

Invest in communities

Sustainability and environment

City of Gary's values

Gary leadership seeks creative ways to support small businesses, including the new Arthouse for small business entrepreneurs

Gary is proximate to Indiana University, Notre Dame, Purdue, University of Chicago, and others

Gary has a large amount of land and infrastructure readily available for Amazon's expansion

Gary residents are actively engaged in participating in numerous programs to transform our city

Gary has worked to develop programs to make for a more sustainable city. Gary works to implement green infrastructure throughout the city and is creating an entire eco-neighborhood

Gary's values align with Amazon's

Amazon is a company that values innovation, and Gary is a city that values innovation.

Amazon is a company that values technical talent, and Gary is a city that values technical talent.

Amazon is a company that values room to grow, and Gary is a city that values room to grow.

Amazon is a company that values investing in communities, and Gary is a city that values investing in communities.

Amazon is a company that values sustainability and environment, and Gary is a city that values sustainability and environment.

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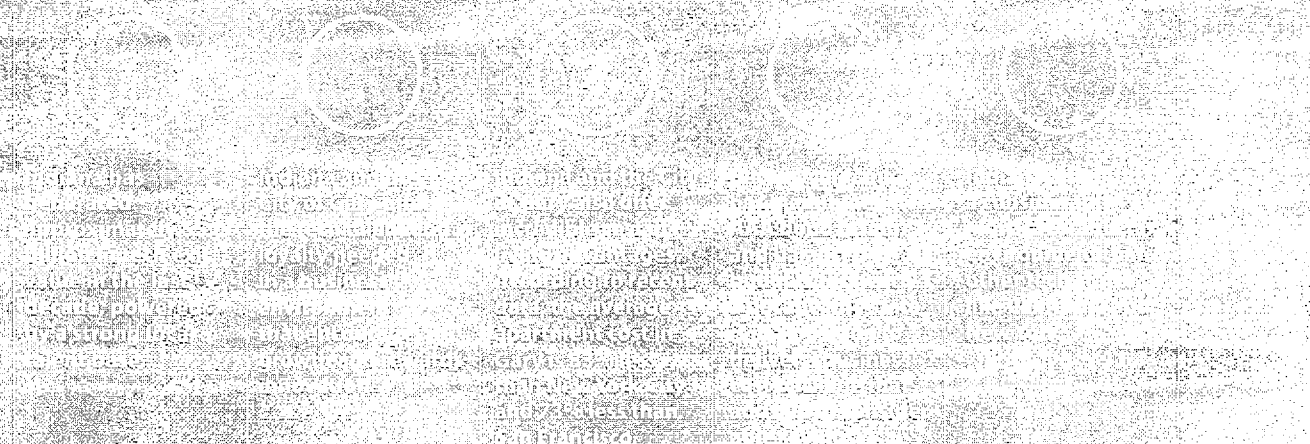
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Gary provides the benefits of being in the Chicago MSA, while providing the lower cost of doing business in Indiana

Located just 30 miles from downtown Chicago, the City of Gary is strategically positioned to leverage the highly educated workforce and recreational amenities of the greater Chicago region, while providing the economic advantages of Indiana. With commuter rail access connecting from downtown Chicago to Gary, access to the cultural amenities of the Chicago region is only a short train ride away. Indiana has a strong fiscal position and business-friendly environment that fosters connections between innovators and entrepreneurs to cultivate the necessary conditions that drive

a tech-based economy. The state is leading the charge towards creating a new tech epicenter in the Midwest and is attracting tech companies to build and grow operation in Indiana.

Companies across the globe are locating in Indiana. For example, Salesforce recently announced they are bringing 800 high-paying marketing and software developer jobs, along with \$40 million of new investment to Indiana to establish its Midwest regional headquarters. Here are 5 reasons Indiana is gaining traction with tech companies:

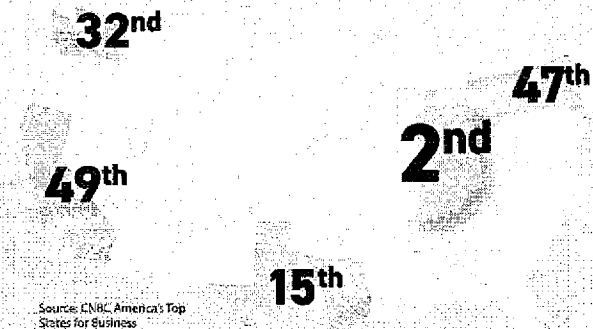


Source: Indiana Economic Development Corporation

Best Regulatory Environment



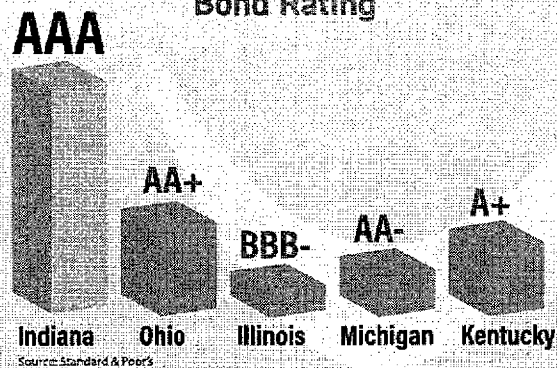
Low Cost of Doing Business



State Infrastructure



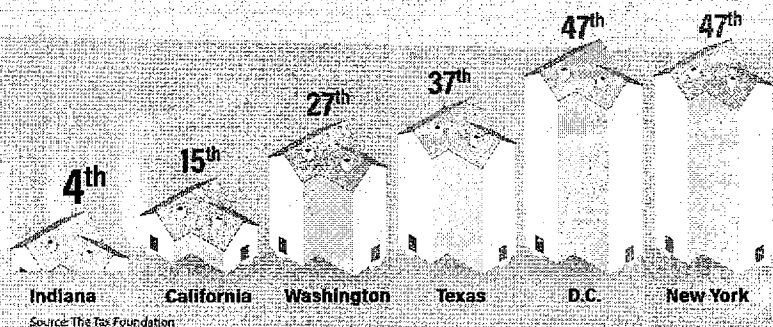
Bond Rating



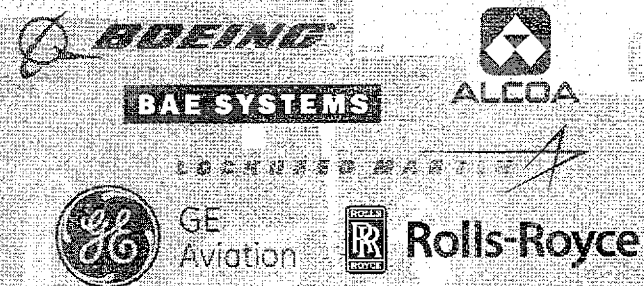
Office Rental Rates per Sq. Ft.

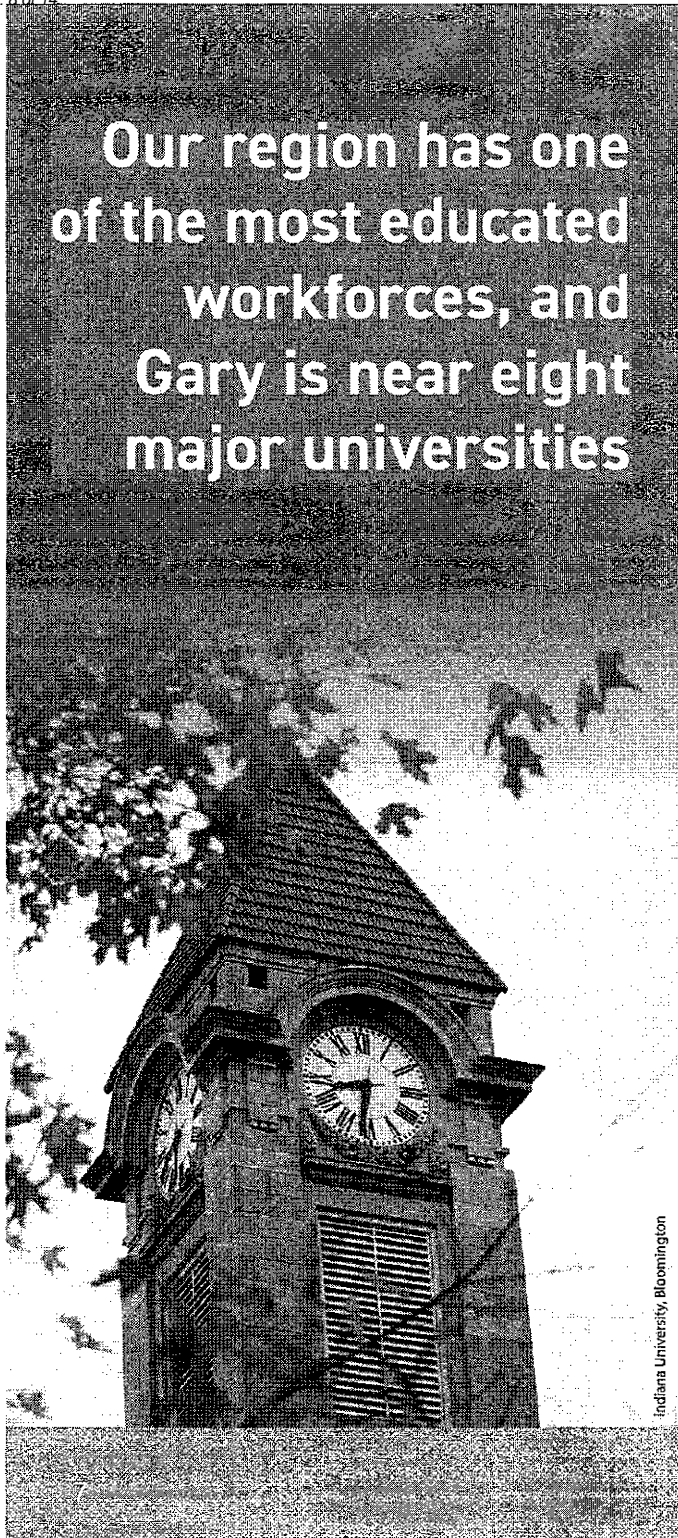


Property Tax Index Rank



Aerospace Companies Innovating and Growing in Indiana





**Our region has one
of the most educated
workforces, and
Gary is near eight
major universities**

Indiana University, Bloomington

Highly-educated Workforce

Gary has access to one of the most educated workforces in the country in fields that Amazon needs. With over seven million people within a one-hour drive and 23,400 software engineers currently working in our region, we are well-positioned to immediately meet Amazon's employment needs. We also have a strong university system for the future pipeline of employees with eight major universities within an hour of Gary and 7,700 tech industry companies in Indiana alone. Purdue University was recently ranked 15th worldwide for university-issued patents, alongside institutions like Harvard and Cal-Tech, and is home to more supercomputing capacity than any other U.S. campus, with three of the top 500 supercomputers in the world. With the launch of Indiana University's Internet2 collaborative effort to bring a nationwide research and education network online, Indiana is helping to power the data that will deliver the next wave of innovation to the global marketplace.

287,000
engineers

23,400
software developers

136,000
tech industry employees

601,200
executive/management
employees

69,800
legal professionals

73,900
accounting
professionals

Source: EMSI; Indiana Economic Development Corporation

**"Purdue is a national treasure,
especially for propulsion.**

**We don't just hire Purdue grads, but
we do hire all of them we can find."**

— Jeff Bezos

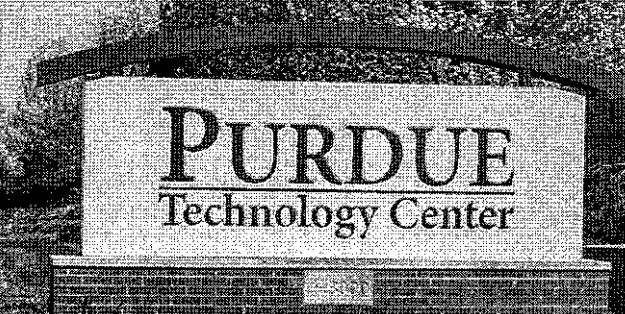
Partnering with Universities

The Northwest Indiana area has numerous programs and partnerships to develop the pipeline of future computer science professionals. With three of the top 15 engineering programs in the country near Gary, our university system is preparing the best and brightest engineers of the future. Purdue and the University of Illinois are two of the top 20 software engineering programs in the country and conduct ground-breaking research in computer science. Our universities' engineering programs have proven track records of partnering with industry to create tailored programs to better prepare students for the job market.

7,700
tech industry companies

27
Certified Tech Parks

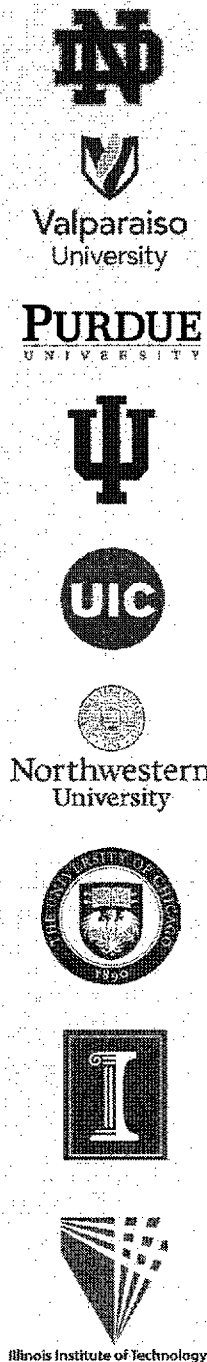
2nd
in nation for advanced industries
and tech sector employment share



PURDUE
Technology Center

“Talent development is essential today, tomorrow, and beyond. Purdue University Northwest has a distinct history of providing degree programs and training created with industry partners. The Purdue system is capable of partnering with Amazon to create programs to suit Amazon’s needs.”

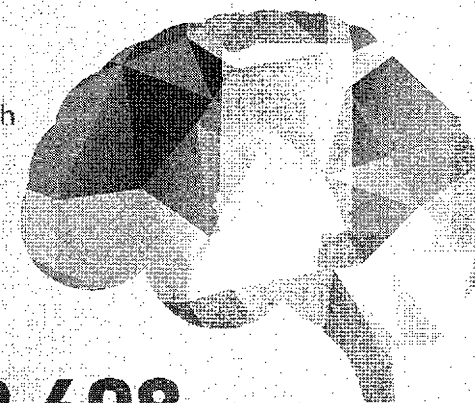
— Tom Keon, Chancellor,
Purdue University Northwest



#13
for science and engineering doctorates awarded

1,198,000
Square feet of research space in science and engineering

30
Colleges and universities with engineering degrees



12,608
Science and engineering students in school

11,400
Science and engineering doctorates employed

Gary has the optimal site for Amazon development

The Amazon site:

110

Acres

25

Million sq. ft. of
building space

19

Sites

69%

Publicly available land

Immediate

Walking distance to
Gary Transit Center

1/4
mile

Interstate access

About the Site

The proposed Amazon HQ2 site is an ambitious urban renewal infill project in the heart of downtown Gary. Adjacent to the downtown Gary South Shore Line train stop (connecting Gary with Chicago, IL, and South Bend, IN), this project footprint encompasses 110 acres spanning 19 sites. The proposal is broken into three phases, with phase one providing space for your initial construction needs. Site locations are a combination of publicly available land and private ownership, much of which has been unused or underutilized for decades. The City of Gary, long accustomed to tight budgets and a small property tax base, has learned how to get creative and innovative when addressing redevelopment and reclamation of blighted land. Additional sites details, including an optional greenfield site, are provided in the Appendix.

Streamlined Assembly

To streamline our ability to assemble available land without a surplus of budget funds, the City of Gary has created a unique public-private partnership with MaiaCo. This agreement (enacted in July, 2016) provides a strategic partnership between the City of Gary, Gary Redevelopment Commission, and MaiaCo to address the problem of long-standing inactive properties. MaiaCo provides upfront capital and professional staff needed to acquire blighted and abandoned buildings and tax-delinquent properties. Ownership of these assembled sites revert to the City of Gary, and MaiaCo shares in the proceeds of the newly activated sites when they are sold. As part of this partnership, the City of Gary has targeted specific locations throughout the city and has created "MaiaCo Designated Project Areas". All phases of the Amazon project fall within these Designated Project Areas.

Amazon site requirements:

Proximity to population center

Proximity to international airport

Proximity to major highways
and arterials

Access to mass transit at site

Initial and total square footage
requirements

Fiber connectivity

Cell coverage

Customized to Your Needs

While our proposal identifies the space Amazon needs to construct the initial round of HQ2 and the space to grow over time, the most valuable component the City of Gary can provide is the freedom to work with us to configure this project to suit your vision. Our proposal and configuration are merely one version of an almost endless variety of possibilities. You will have the ability to grow organically and adapt to your long-term vision without the constrictive restrictions of other urban infill sites in larger built-out urban areas that cannot offer the flexibility beyond their initial footprint proposed in their bids. To invoke an image of our greatest natural resource asset, the Indiana Dunes, we can provide an open sandbox, waiting for your team to dig in. We welcome the opportunity to collaborate with you to design, plan, and build a new future in Gary.

Gary has access to unparalleled logistics assets— with an airport right in your backyard

Our region has access to:



4 International airports



11 Major interstates



2 Deep water ports



2 Major commuter rails



6 Class I railroads

Gary sits at the crossroads of America with unparalleled access for people and goods to move across the country and the globe.

\$270 million investment underway on the South Shore Commuter Line to double track the commuter route to improve the frequency, reliability, and speed of this critical linkage between Gary, South Bend, and Chicago, and all of the communities in between, to be completed by fall 2020. This investment will make the trip from Chicago to Gary around 35 minutes, and the Northwest Indiana Regional Development Authority projects this will attract \$2.5 Billion in new investment in the region over the next 20 years.

A Major Commuter Line Next to the Amazon Site

The South Shore Commuter Line connects the proposed Amazon headquarters in Gary to downtown Chicago and South Bend International Airport. There is a South Shore Line station right outside of the proposed Amazon site, with transit-oriented development opportunities around the station.

There is a large,

Bringing the right incentives for locating in Gary and Indiana

Total Financial
Incentive:
\$2,303,434,400

Total Financial
Incentive:
\$3,212,500,000

Below is a list of anticipated financial incentives offered to Amazon as the result of the Project identified in its September 7, 2017 Request for Proposals. Financial incentives offered are based upon various initial assumptions and may vary dependent upon actual phasing and implementation of the Project.

OPTION A

High Certainty. The incentives offered herein vary in nature from the application period through the approval process, dependent upon statutory requirements. It is anticipated that all incentives can reasonably be made available within a 4 to 12 month period from initial request.

The **State of Indiana** is offering a total of \$1,510,504,400 in financial incentives based upon IEDC authorized through: (i) EDGE of refundable corporate tax credits in three tiers of years 1-10, 5-15 and 10-20; (ii) a Skills Enhancement Fund Training Grant for employee training limited to \$5,000,000 per year for 20 years; (iii) an Industrial Development Growth Fund for infrastructure improvements limited to \$2,000,000 per year for the first 15 years, and (iv) Workforce Development in-kind assistance related to strategic talent service development.

The **City of Gary, Indiana** is offering a total of \$792,930,000 in financial incentives based on application of: (i) property tax pledge of incremental tax for a period of 25 years; (ii) a combination of commercial and residential assessed valuation deductions for 10 years; (iii) the capture of the local option income tax and sales tax within a Transit Development District; (iv) an offering of publicly owned land for Project development, and to certified employees for residential development in the City; (v) a Prime Permitting Process department of the City; (vi) [REDACTED]

(vii) brownfield grants for redevelopment purposes; and (viii) access to regional Transportation

Improvement Program (TIP) for the utilization of U.S. DOT Surface Transportation Program (STP) Funds.

OPTION A - TOTAL FINANCIAL INCENTIVE:
\$2,303,434,400

OPTION B

Uncertainty. Proposal requiring Indiana State Legislature approval which will be in session January 8, 2018 through March 14, 2018.

Certified Mega Technology Exploration Park (Combined State and City Incentive)

The **State of Indiana** is offering a total of \$2,750,000,000 in financial incentives from certification of an area and requiring a company to commit to not less than \$2.5 billion in capital investment over a period not to exceed 15 years with not less than 10,000 net new jobs being created. A geographical area forming a unique and separate taxing district would be established. The qualified company would be eligible to capture up to 100% of the conventional local and state sales tax, local and state personal income tax and local property taxes for a period not-to-exceed 25 years from designation. The proceeds could be used for site infrastructure, land acquisition, building and parking construction, talent development and social impact. The statutory language would require at least 10% of the tax capture from the park's taxing district to be allocated to community talent development. An additional 10% would be designated for social impact projects. The company would be required to match a portion these funds to use for the specified purposes. The funds would be collected, certified and distributed on an annual basis.

High Certainty. The **City of Gary, Indiana** is offering a total of \$462,500,000 in financial incentive: [REDACTED]

OPTION B - TOTAL FINANCIAL INCENTIVE:
\$3,212,500,000

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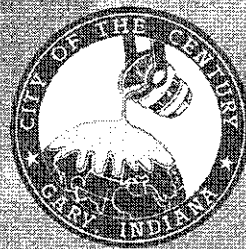


Photo Credit: Bob Daum

The image is a photograph of a beach and lake, taken from a high vantage point. The beach is in the foreground, and the lake is in the middle ground. The sky is cloudy. The image is in black and white.